

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re,

STANADYNE LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10207 (TMH)
(Jointly Administered)

Docket Ref. Nos. 245, 265

**RESERVATION OF RIGHTS OF THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS WITH RESPECT
TO THE DEBTORS' SALE OF SUBSTANTIALLY ALL OF ITS ASSETS**

Official Committee of Unsecured Creditors (the “Committee”) hereby files this reservation of rights in connection with the motion of the above-captioned debtors (the “Debtors”) for Entry of: (A) an Order (I) Scheduling a Hearing on the Approval of the Sale of All or Substantially All of The Debtors' Assets Free and Clear of All Encumbrances Other than Assumed Liabilities and Permitted Encumbrances, and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures and Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, (III) Authorizing the Debtors to Enter into the Stalking Horse Purchase Agreement, and (IV) Granting Related Relief; and (B) an Order (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of All or Substantially All of the Debtors' Assets Free and Clear of All Encumbrances Other than Assumed Liabilities and Permitted Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief (the “Sale Motion”), and in support of this reservation of rights, the Committee states as follows:

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: Stanadyne LLC (0378); Pure Power Technologies, Inc. (5202); Stanadyne PPT Holdings, Inc. (2594); and Stanadyne PPT Group Holdings, Inc. (1734). The Debtors’ headquarters are located at 405 White Street, Jacksonville, North Carolina 28546.

BACKGROUND

Since its appointment, the Committee has engaged with the Debtors and Cerberus Business Finance, LLC (“Cerberus”), the collateral agent and administrative agent for the Debtors’ prepetition secured lenders (the “Prepetition Lenders”), with respect to a number of different issues, all in furtherance of the successful emergence of the Debtors’ businesses from Chapter 11 as a going-concern. Initially, such discussions were primarily focused upon the Debtors’ motion for approval of use of cash collateral [Docket No. 55] (the “Cash Collateral Motion”). However, even prior to the approval of the Cash Collateral Motion on a final basis, the Committee had commenced discussions with the Debtors and Cerberus regarding a sale of the Debtors’ assets (pursuant to a chapter 11 plan or otherwise), including the process and timing of the sale, as well as substantive issues (including the appropriate treatment of trade, vendors, suppliers, customers, employees, pension obligations and other unsecured creditors), all toward the goal of realizing the maximum value of the estates’ assets for all creditors.

Ultimately, the parties reached an agreement, generally, with respect to the process for the sale of all or substantially all of the Debtors’ assets, and on April 27, 2023, the Debtors filed the Sale Motion.² No form of stalking horse agreement with Cerberus was attached to the Sale Motion. However, the Committee had been engaging with Cerberus on its issues and concerns with the then-proposed draft stalking horse agreement provided by Cerberus to seek to reach a holistic agreement such that the Committee could support the proposed transaction.

² When the Sale Motion was filed, the Committee was still working through specific comments to the bidding procedures with the Debtors and Cerberus, which have subsequently been resolved and are going to be reflected in a revised bidding procedures order and the bidding procedures themselves.

On May 8, 2023, the Debtors and S-PPT Acquisition Company, LLC, an entity formed at the direction of the Cerberus and the Prepetition Secured Lenders (the “Stalking Horse”), executed an asset purchase agreement (the “Stalking Horse Agreement”), by and through which the Stalking Horse will serve as a stalking horse bidder [Docket No. 265].

The Committee has not reached any agreement with Cerberus on its various issues and concerns to the transaction embodied by the Stalking Horse Agreement. At this time, the Committee continues to have significant, substantive issues with the Stalking Horse Agreement (both the terms of the agreement itself and underlying economics of the proposed transaction), including, but not limited to, (i) the consideration to be received by the estates on account of, among other things, the value of unencumbered assets (which the Committee believes to be meaningful) and (ii) the liabilities to be assumed as part of the sale (including the lack of commitments on the assumption of liabilities).³

The Committee expects to continue its discussions with Cerberus (and the Debtors) on the Stalking Horse Agreement and related matters in an effort to reach a global settlement such that the Committee could, in the future, be supportive of the proposed transaction. At this time, and absent such global resolution, the Committee expressly reserves and preserves all its rights with respect to the underlying sale and objections thereto. The Committee recognizes that, having resolved its specific issues to the proposed bidding procedures (subject to entry of an order

³ For example, the Committee notes that the Stalking Horse Agreements contains caps on liabilities to be assumed but not commitments to assume such liabilities. See e.g., Stalking Horse Agreement at 1.3(c) and (h).

containing its comments agreed to with the Debtors and Cerberus), this is an issue for another day.

Dated: May 15, 2023

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